

[106H1863]

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(Original Signature of Member)

107TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Ms. DUNN introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to modify
the treatment of bonds issued to acquire renewable re-
sources on land subject to conservation easement.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Forestry
5 and Agriculture Conservation Act of 2001”.

1 **SEC. 2. TREATMENT OF BONDS ISSUED TO ACQUIRE RE-**
2 **NEWABLE RESOURCES ON LAND SUBJECT TO**
3 **CONSERVATION EASEMENT.**

4 (a) IN GENERAL.—Section 145 of the Internal Rev-
5 enue Code of 1986 (defining qualified 501(c)(3) bond) is
6 amended by redesignating subsection (e) as subsection (f)
7 and by inserting after subsection (d) the following new
8 subsection:

9 “(e) BONDS ISSUED TO ACQUIRE RENEWABLE RE-
10 SOURCES ON LAND SUBJECT TO CONSERVATION EASE-
11 MENT.—

12 “(1) IN GENERAL.—If—

13 “(A) the proceeds of any bond are used to
14 acquire land (or a long-term lease thereof) to-
15 gether with any renewable resource associated
16 with the land (including standing timber, agri-
17 cultural crops, or water rights) from an unaffili-
18 ated person,

19 “(B) the land is subject to a conservation
20 restriction—

21 “(i) which is granted in perpetuity to
22 an unaffiliated person that is—

23 “(I) a 501(c)(3) organization, or

24 “(II) a Federal, State, or local
25 government conservation organization,

1 “(ii) which meets the requirements of
2 clauses (ii) and (iii)(II) of section
3 170(h)(4)(A),

4 “(iii) which exceeds the requirements
5 of relevant environmental and land use
6 statutes and regulations, and

7 “(iv) which obligates the owner of the
8 land to pay the costs incurred by the hold-
9 er of the conservation restriction in moni-
10 toring compliance with such restriction,

11 “(C) a management plan which meets the
12 requirements of the statutes and regulations re-
13 ferred to subparagraph (B)(iii) is developed for
14 the conservation of the renewable resources,
15 and

16 “(D) such bond would be a qualified
17 501(c)(3) bond (after the application of para-
18 graph (2)) but for the failure to use revenues
19 derived by the 501(c)(3) organization from the
20 sale, lease, or other use of such renewable re-
21 source as otherwise required by this part,

22 such bond shall not fail to be a qualified 501(c)(3)
23 bond by reason of the failure to so use such revenues
24 if the revenues which are not used as otherwise re-
25 quired by this part are used in a manner consistent

1 with the stated charitable purposes of the 501(c)(3)
2 organization.

3 “(2) TREATMENT OF TIMBER, ETC.—

4 “(A) IN GENERAL.—For purposes of sub-
5 section (a), the cost of any renewable resource
6 acquired with proceeds of such bonds shall be
7 treated as a cost of acquiring the land associ-
8 ated with the renewable resource and such land
9 shall not be treated as used for a private busi-
10 ness use because of the sale or leasing of the
11 renewable resource to, or other use of the re-
12 newable resource by, an unaffiliated person to
13 the extent that such sale, leasing, or other use
14 does not constitute an unrelated trade or busi-
15 ness, determined by applying section 513(a).

16 “(B) APPLICATION OF BOND MATURITY
17 LIMITATION.—For purposes of section 147(b),
18 the cost of any land or renewable resource ac-
19 quired with proceeds of such bonds shall have
20 an economic life commensurate with the eco-
21 nomic and ecological feasibility of the financing
22 of such land or renewable resource.

23 “(C) UNAFFILIATED PERSON.—For pur-
24 poses of this subsection, the term ‘unaffiliated
25 person’ means any person who controls no more

1 than 20 percent of the governing body of an-
2 other person.”

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to obligations issued after the
5 date of the enactment of this Act.